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SUBJECT: BLOCKADE SPARKS PANIC AT THE PUMPS AND IN STORES

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Summary

1. (U) A three-day truckers' blockade protesting rising fuel costs triggered panic gas purchases as people flocked to fill their gas tanks before the supply ran out. The blockade, which began on June 9, visibly affected southern Portugal, including Lisbon. After just 48 hours, several supermarkets ran out of staples and the airport had to reroute some flights due to lack of refueling capabilities. The GOP continued to negotiate with the truckers throughout the protest. As a result of the good faith that GOP negotiators showed during talks, the truckers agreed to suspend the blockade and return to operations on June 12 while sector relief package negotiations continued. End summary.

Not going to take it anymore!

2. (U) On June 9, roughly 5,000 independent truckers and employees from 75 transportation companies blocked roads throughout Portugal in a move coordinated with Spanish and French transporters. The National Association of Public Road Merchandise Transporters (Antram), which coordinated the protest, said the move aimed to secure government relief from rising fuel prices. Antram announced that, due to the price increases, Portuguese truckers' real purchasing power had declined by 3.9% this year and 9% over the last five years. Antram announced on June 10 that the protest would continue indefinitely, despite the reportedly attractive proposals that the GOP offered the group, but agreed on June 12 to suspend the blockade and return to operations while negotiating.

3. (U) Antram was likely emboldened by the GOP's June 3 concessions to the fisheries and agricultural sectors. Prior to that, Portuguese fishermen had stopped fishing for four days and blocked all imports from Spain to protest rising fuel costs. As a result, the GOP extended a special line of credit for the affected groups to help bolster liquidity and address higher production costs.

Panicked? Get in Line

4. (U) The Antram blockade was joined by several of the larger transport companies in Portugal and together they closed off passage through the main north-south corridor, effectively cutting off a major petroleum supply route to Lisbon and south-central Portugal on June 9. That same day, Portuguese consumers began to panic and stock up on fuel; by June 11, many Lisbon gas stations had run dry, particularly of diesel (roughly 70% of Portugal's vehicles run on diesel).

Embassy employees observed long lines of up to a half a mile outside gas stations across southern Portugal and some

gas stations on main roads closed for business.

¶5. (SBU) Tiago Villas-Boas, an executive from Portugal's major petroleum company Galp, said the blockade also cut off supplies to Lisbon's airport, causing several flights to be rerouted to Porto and the island of Madeira. He added that the panic buying had worsened the supply crisis. Villas-Boas confirmed that Galp's supply was unaffected by the protest but admitted that the blockade had shut down the company's ability to distribute to almost half of Portugal.

¶6. (U) In addition to the run on fuel, only two days into the blockade, major national grocery store chains Pingo Doce and Jumbo reported a significant drop in the availability of seafood and produce, and supermarkets in the Alentejo region announced shortages of water, seafood, red meat, and produce.

Grocery chain owners said even a few more days of the blockade would cause widespread food shortages, according to media reports. Unlike the petroleum crisis, the supermarkets need supplies from a variety of small farmers and fishermen, so supplies will be limited as long as the blockade lasts. Minister of Health Ana Jorge confirmed to the press that the health sector had adequate supplies and was prepared for fuel shortages.

Let's Make a Deal?

¶7. (U) As the fuel panic began on June 9, Minister of Public Works and Transportation Mario Lino offered several concessions, including reduced road toll charges, incentives for updating truck fleets, and a 10% reduction in truck taxes. The only demand the GOP reportedly rejected was directly reducing fuel costs for professional transporters. By June 11, Lino turned up the rhetorical heat, calling for

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the truckers to consider the impact of their actions on Portugal's economy and the nation in general. Even when Antram agreed to suspend the blockade while negotiations continue, it stressed that some of its demands remained unmet.

¶8. (U) The leftist General Confederation of Portuguese Workers (CGTP) union, responsible for several recent strikes protesting Portugal's working conditions, denounced the blockade. Although the union criticizes the government's lack of policy proposals in response to rising fuel costs, CGTP's Public Relations Representative Lucy Moniz told us the blockade was only making things worse for the most vulnerable in the economy. Leftist opposition parties, however, criticized the GOP for "closing their eyes to the crisis" and called for special measures to reduce the price by capping the profits of oil companies. Not surprisingly, the public's reaction to the blockade was largely negative. Several truckers reported being attacked with stones while sitting in their vehicles blocking a road. One trucker manning a blockade was killed on June 10 when he attempted to stop a truck from passing.

A Good Plan Goes Bad

¶9. (U) Comment: Antram's insistence on lower fuel prices in the face of the GOP's offers has begun to work against it. The only demand that the GOP has refused was a price discount for fuel used for transport, since the GOP has no control over the retail prices and would have to pay for any subsidy out of the already tight budget. While the public is generally sympathetic to the sectors hurt by rising fuel prices, they are even more frustrated with the problems caused by the blockade. We find it unlikely that the government will support concessions at the expense of ongoing economic reforms, especially since it could encourage future protests in other industries. The GOP is more likely to create a package of benefits for the transportation industry, much as they did for fishermen. End comment.

